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WATER RIGHTS
SALT LAKE

March 31, 2004

SC

Honorable H. C. Deutschlander, Mayor
Brian Head Town
56 North Highway 143
Brian Head, Utah 84719

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

RE: Dry Canyon Pipeline, Water Right 75-661

Dear Mayor Deutschlander:

This letter is written on behalf of my client Parowan Reservoir Company.

I call your attention to the decree entered by Fifth District Court of Iron County, State of Utah, on October 23, 1979, in Parowan Reservoir Company, et al. v. Gurr Farms Company, Case No. 7986, and Parowan City v. Dee C. Hansen, et al., Case No. 7962. That decree governs the use of Water Rights 75-661, 75-662, 75-663 and 75-664. Brian Head Town acquired the water rights from Gurr Farms Company and is bound by the terms of the decree in the town's use of the water.

The decree allows Brian Head Town to annually divert up to 234.66 acre-feet of water from wells at Brian Head. The amount of water allowed to be diverted from the wells is, however, limited to the amount of water that is delivered to Parowan Reservoir Company and Parowan City from the springs in Dry Canyon. The time periods for measurement and limitations on diversion are fully set forth in the decree. Annual measurement periods begin on March 15.

The Dry Canyon pipeline intake and Dry Canyon springs were inspected by Parowan Reservoir Company on March 18 and again on March 25. The springs are flowing but the flow never reaches or enters the pipeline. No water from the springs is being delivered as required by the decree. It is apparent that no water has entered the pipeline since prior to March 15. Brian Head Town, as the successor in interest to Gurr Farms Company, is required to make such alterations and repairs as necessary to capture the flow of the springs and deliver the water to Parowan Reservoir Company and Parowan City.

Kindly consider this letter as notice that as provided by the decree, Brian Head Town must not divert and use any water under any of Water Rights 75-661, 75-662, 75-663 and 75-664 until and unless the necessary repairs and alterations are made so that the flow of Dry Canyon springs is delivered to my client. The repair and alterations must be completed within seven (7) days after your receipt of this letter. If delivery of the water is not restored, Parowan Reservoir Company may exercise its rights under paragraph 7 of the decree to make the repairs and

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alterations at the expense of Brian Head Town. Parowan Reservoir Company will also demand and expect Brian Head Town to pay the penalty specified in the decree of \$50 per day after expiration of the seven-day period.

Please be assured that Parowan Reservoir Company wishes to maintain its good relationship with Brian Head Town. Please let us know what your plans are to capture the flow of the Dry Canyon Springs. A company representative will meet with you or the appropriate town officer on site or elsewhere to review the plans and make suggestions.

Sincerely,

Harold D. Mitchell

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cc: Mayor Deutschlander via regular mail
Harold S. Mitchell
Mayor Ronald Smith
✓Division of Water Rights